

Welcome

- Housekeeping
 - Parking
 - Breaks
 - Restrooms
 - Food/vending
 - Eateries for Lunch
 - Cell phones



Welcome everyone. Thank you for making it a priority to be here today.

Before we get started, let's talk about a few "housekeeping" topics of interest....

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- Breaks
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- Cell phones

Why Mandatory Training?

- Extensive revisions to CACFP regulations at 7 CFR Part 226
 - Result was 2 sets of Interim Rules
 - 1st set published June 27, 2002
 - 2nd set published September 1, 2004
 - 2nd Interim Integrity Rule
 - Improving Management and Program Integrity



All participating organizations need to be informed regarding the direction of CACFP. Integrity rules continue to be implemented and evaluated by USDA. It is the responsibility of Arizona Department of Education to provide program information and to oversee the program in Arizona.

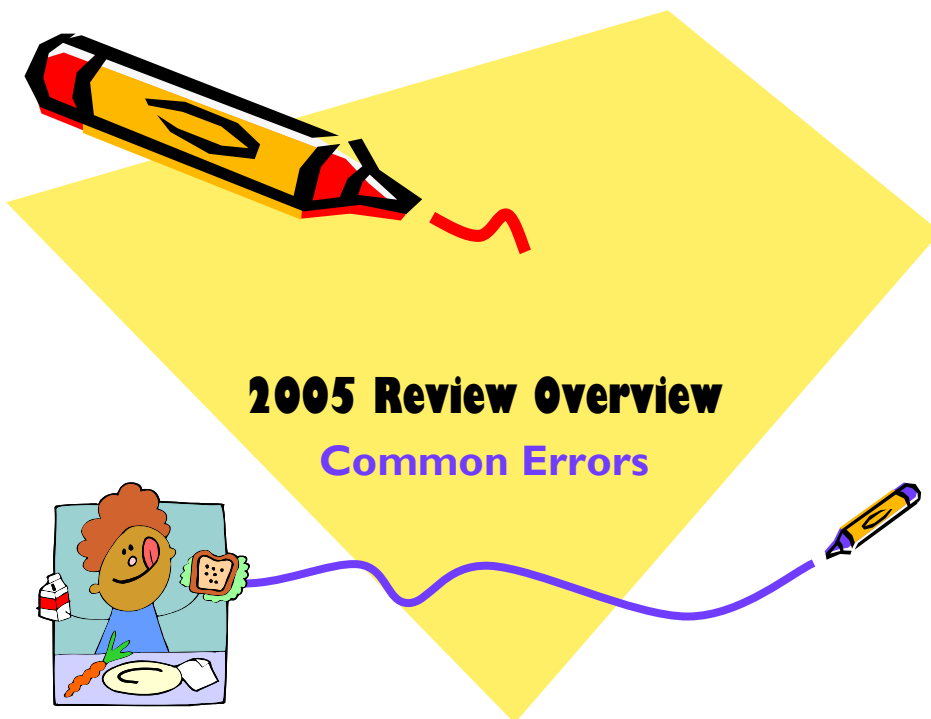
Breaking the Ice...



Choose an activity:

Pick-pocket

Fruit/Vegetable line up



2005 Review Overview

Common Errors

Common Errors How to Prevent Them

- Income Affidavits
- Infant Feeding
- High Sugar/High Fat Items
- Meal Variety
- CN Labels
- Food Handler Cards



I'd like to discuss some of the common errors we have noticed when we are out doing reviews. We've also included suggestions for improvement in meal planning and information on the requirements for food handler cards.

Income Affidavit Errors

- Parent letter not included
- Social Security or word “None” not included
- Incorrect case numbers or missing case numbers for categorically-eligible children
- Not current for the fiscal year
- Dated prior to collection period
- Missing center staff approval



These are the most common errors we see on income affidavits. These errors can cost a center a lot of money when done incorrectly. All organizations should have systems in place that double check the income applications. It is always a good practice to have another set of eyes looking at these documents.

Distribute and Collect Income Affidavits

- Distribute an income affidavit for every enrolled participant
 - Use income affidavits for the current fiscal year which began July 1, 2005
 - October 1 begins new CACFP fiscal year
 - Income affidavits must be collected between September 1 and 23 which is the designated “collection period” (any deviation from this collection period needs state approval in writing)



Be sure to use income affidavits that are for the current fiscal year. It might be a good idea to toss all income affidavits that are not for the current fiscal year so that there are not given out accidentally.

For CACFP the fiscal year begins on October 1. Affidavits are only valid for a one year period. Affidavits must be dated no more than 30 days prior to the beginning of the fiscal year, so that is why our “collection period” is September 1 through September 23.

Review for Completeness

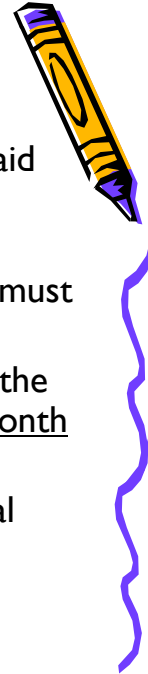
- Child's name, age, and birthdate
- Case numbers for categorically-eligible children
- Household income
- Part 5 must contain contact information, signature, date, and Social Security Number (or the word "none")
- Parent letter must be on the back of the form



Be sure the income affidavits are complete. The required information is [read the slide]. Be sure the parent letter is on the back of the affidavit. The letter informs the parents why the information is being collected and is required by regulation. When new copies are made, be sure to make them two-sided so the parent letter is included.

Categorize and Approve

- Categorize participants as Free, Reduced or Paid using USDA Child Nutrition Program Income Guidelines for current fiscal year
- Participants with incomplete income affidavits must be categorized as Paid
- Income affidavits must be signed and dated by the designated center approval official the same month as parent signature
- Income affidavits with incomplete staff approval sections are categorized as Paid



Categorize each affidavit as free, reduced or paid, keeping in mind that any incomplete affidavit must be considered paid. Income affidavits must be approved by the center approval official the same month they are signed by the parent. A best practice is to approve them within three days after they are signed by the parent. When we come out on review, any affidavits that is not validated by the center, the affidavit will be classified as paid.

Eligibility

- Income Eligibility
 - complete income affidavit sections 1, 3, and 5
- Categorical Eligibility
 - complete income affidavit sections 2 and 5 for children receiving Food Stamps, Cash Assistance or Food Distribution Program on Indian Reservation (FDPIR)
 - complete income affidavit sections 4 and 5 for foster children



For categorically eligible children, be sure the appropriate sections of the affidavit are filled out – sections 2 and 5 for those receiving assistance and sections 4 and 5 for foster children. Because foster children are considered a family of 1, foster children should have their own income application. (This information is for families that care for natural children and foster children.)

Infant Feeding

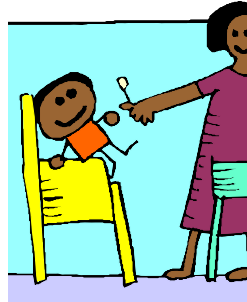
- CACFP requires that **all infants** enrolled for care have access to CACFP meals
 - definition of infant is birth through 11 months
- The center must offer a formula which meets program requirements
 - all formula and cereal must be iron fortified
- The parent/guardian may decline the offered infant formula in writing



An area where we have been noticing errors is in regard to including infants on CACFP. All infants in your center must have access to CACFP meals. The center must offer an iron-fortified formula, but the parent may choose to decline the formula offered in writing. A sample infant feeding preference form is included in your packet.

Infant Feeding

- Meals served to infants must be recorded on the infant feeding record
 - List amount offered at each meal
- Ensure infant meals meet the appropriate infant meal patterns for the age of the infant



A daily meal production record for infants is included in your packet. This should be filled out for all infants in your center. In order to claim infant meals, the meal must meet the meal pattern. You will note that the meal pattern changes as infants approach their first birthday, so be sure you are serving the appropriate components to the infants to your care.

High Sugar/High Fat

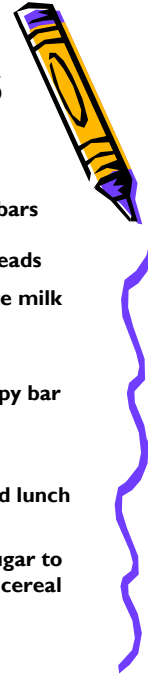
- Served only during breakfast or snack
 - high fat meats and vegetable items may be served during lunch & supper
- served no more than twice per week



CACFP is a program that reimburses providers for serving nutritious meals. A lot of focus has been given to integrity, trying to ensure the program remains available to children. Not quite so much attention has been given to the quality of meals being served... CACFP menus always had no more than two high sugar/high fat items per week. Now to focus on quality-here are items to restrict...

High Sugar/High Fat Items

- Brownies
- Gelatin with fruit
- Cinnamon rolls
- Syrup
- Flavored milk
- Honey
- Tater tots
- High sugar breakfast cereal
- Cookies
- Pop tarts
- Custard
- Sausage
- French fries
- Jelly
- Hot dogs
- Salami/pepperoni
- Toaster pastry
- Cookies
- Cake
- Danish
- Vanilla wafers
- Jam
- Corn dogs
- Dipping sauces (Ranch dressing)
- Donuts
- Granola bars
- Quick breads
- Chocolate milk
- Pudding
- Rice Krispy bar
- Muffins
- Processed lunch meats
- Added sugar to breakfast cereal



Menus may contain no more than two high sugar items per week.

AND

Menus may contain no more than two high fat items per week. (ADE is focusing on high fat, low quality items such as corndogs and frozen French fries. Items such as natural cheeses, peanut butter and other nuts will not be viewed as high fat.)

Please note that ADE **will not** consider un-iced animal crackers and graham crackers as high sugar items.

Meal Planning

- Strive for balance
- Emphasize variety
- Add contrast
- Think about color



Now I'll briefly discuss some ideas to meal planning at your center. The keys to menu planning identified on the slide.

Strive for Balance

- Balance flavors in appealing ways
 - make sure individual foods, when served together, make a winning combination
 - too many mild flavors may make a meal too bland
 - too many strong or spicy flavors may make a meal unacceptable to children
- Balance higher fat foods with those that have less fat
 - limit high-fat foods to two times in the same week
 - use low-fat side dishes to balance a higher fat entree



There is more to meal planning than determining what children like and want to eat. Balance involves looking at foods and determining what makes this meal the best meal for the participants.

Emphasize Variety

- Include a wide variety of foods from day to day
- Vary the types of main courses served
- Include different forms of foods and prepare them in a variety of ways
 - instead of mashed potatoes, serve scalloped potatoes, oven baked fries, etc.
- Include a small amount of a new food occasionally



Serve a wide variety of foods. Serve a variety of main courses. For example, try not to fall into a pattern of sandwiches two or three times a week,. Keep in mind when introducing new foods that it may take 10-15 tries for a child to accept a new food, so don't be discouraged if the children in your center don't like something the first time they try it.

Add Contrast

- Think about the texture of foods
 - serve a crisp salad with spaghetti or a crisp vegetable with a burrito
- Avoid having too much of the same type of food in the same meal
 - for example, too many carbohydrates in one meal
- Present food in several different shapes such as cubes, strips and shredded bits
- Include hot and cold foods



Be sure your meals offer contrast – use different textures, different shapes, different temperatures.

Think About Color

- Avoid using too many foods of the same color in the same meal
 - a meal with turkey, rice, cauliflower, white bread, pears and milk would lack color contrast
- Vegetables and fruits are great for adding color
 - think of tomatoes, red pepper, strawberries, oranges
- Use colorful foods in combination with those that have little or no color
- Add spices such as cinnamon or paprika



Children and adults love color. A meal with turkey, rice, cauliflower, white bread, pears and milk would look pretty boring to a child. Use colorful fruits and veggies to add interest to your meals. For instance, add a tomato slice, a red or orange pepper ring, strawberries, blueberries or oranges.

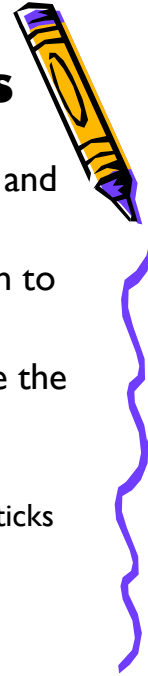
Some Final Thoughts

- Be sure the meal meets the meal pattern
- Be sure serving sizes are sufficient
- Include foods high in vitamin A, vitamin C and iron
- Include fiber-rich foods
- Include different forms of food – fresh, dried, canned, raw, cooked
- All foods can fit into a child's diet – there are no “good” or “bad” foods



Child Nutrition (CN) Labels

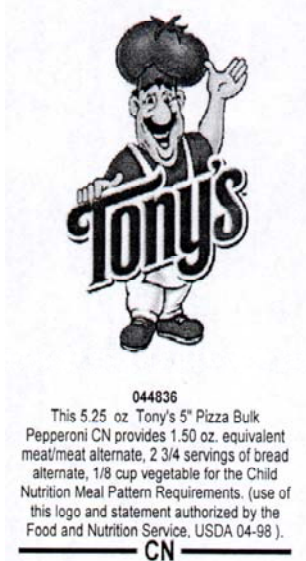
- Voluntary label administered by USDA's Food and Nutrition Service
- Helpful in determining a product's contribution to the CACFP meal pattern requirements
- Found on main dish products which contribute the meat/meat alternate and/or bread/grain components of the meal pattern requirement
 - for example, pizza, burritos, chicken nuggets, fish sticks



Now I'd like to talk about Child Nutrition Labels or CN labels. These labels are found on main dish products and help you determine the product's contribution to the CACFP meal pattern. For example, on chicken nuggets, the CN label would tell you how much the chicken counts toward the meat component of the meal pattern and also how much the breading contributes to the grain component of the meal.

CN Labels

- CN labels always contain
 - The CN logo (a distinct border)
 - The meal pattern contribution statement
 - A six-digit product identification number
 - USDA/FNS (Food and Nutrition Service) authorization
 - The month and year of approval



The CN label is a very distinctive label and looks something like this one. I know the label is small, , but it states that this pizza provides 1.5 ounces of meat/meat alternate, 2 3/4 servings of bread and 1/8 cup of vegetables. You can use these amounts when planning the menu.

CN Labels

- A CN label does not do the following
 - Assure that a product is “good for children”
 - Assure that a product is “acceptable” to children
 - Suggest that products without CN labels are inferior



CN labels are used on products that USDA has approved the analysis. The label is only a tool in menu planning. Having a CN label on a product does not mean that it is a high quality product.

Food Handler Cards

- As of July, 2004, food handler cards/certificates/licenses are required in the following counties:

-Apache	-Cochise
-Coconino	-Gila
-Graham	-La Paz
-Maricopa	-Mohave
-Pima	-Santa Cruz
-Yavapai	-Yuma



Please check with your county Environmental Health office for Food Handler Card requirements. Remember in Maricopa County, each organization must have one full time certified food safety manager.

Food Handler Cards

- According to the Maricopa Environmental Services Department, any person who handles, prepares or serves food must obtain the appropriate certification
 - this includes child care center staff members who put food on a plate or pour milk



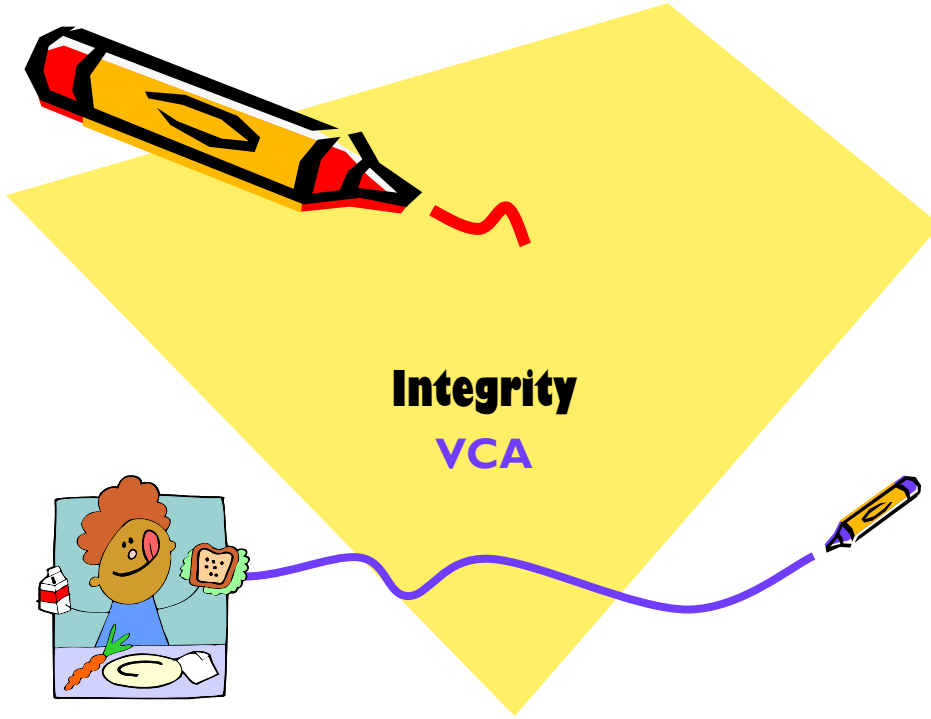
Many center staff handle food. It is important that children and adults receive meals that meet all safety standards.

Food Handler Cards

- CACFP recommends as a best practice that all staff members who are involved with serving meals to children obtain a food handler card/certificate/license



Contact your local health department to find out class schedules/self-study materials and testing information.



VCA

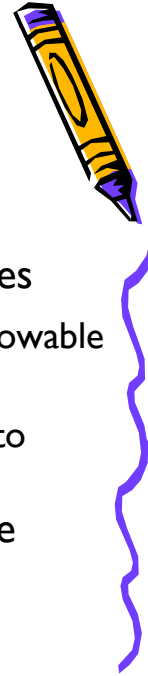
Institutions participating in the CACFP, must be financially viable, administratively capable, and have internal controls in place that will ensure program accountability.



All Organizations participating in CACFP must demonstrate Viability, Accountability and Capability. Performance standards for each area are identified in 7 CFR 226.6(b). These standards must be met by each organization prior to ADE approving renewal applications.

Financial Viability and Financial Management

- Institution is financially viable
- Institution will make proper expenditures
 - Nonprofit food service funds only for allowable costs
 - Nonprofit food service funds restricted to CACFP use only
- All employees with FM responsibility are aware of procedures



Financial viability must be demonstrated on an annual basis. Tools that ADE uses to assess this are financial statements, audits and budgets. These will be discussed later.

Financial Viability: Recap

- All resources
- Assets/liabilities
- Budget/proper expenditures
- Size/nature of program
- History



Systems must be in place to ensure proper and separate funding for the food service operation. Financial viability means the organization has money to operate with out CACFP and systems in place to ensure the organization keeps track of its finances.

Administrative Capability

- Adequate, qualified staff
- For sponsors:
 - Policies and procedures
 - Job descriptions
 - Budget/management plan
 - Staffing standards for monitoring (large organizations)



All organizations must show that they have enough trained staff to operate the food service. This is done by implementing CACFP policies, including CACFP duties in job descriptions and proper training.

Internal Controls for Accountability

- Board of Directors (nonprofits)
- Financial management system with written controls (all institutions)
- Recordkeeping system (all institutions)



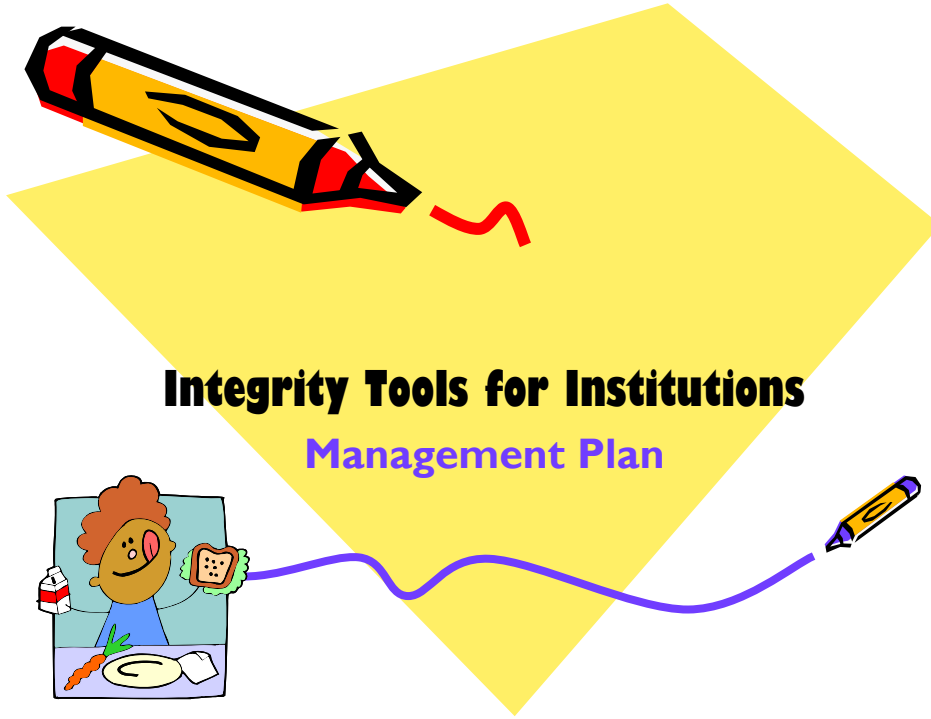
All organizations need to have systems in place to ensure the organization remains accountable. What this means is that staff must have oversight and work must be double checked by someone other than the person who originally performed the task.

Accountability Controls for Sponsors

- Sponsor staff & facility training
- Monitoring
- Compliance with admin cost limits
- Facility compliance with meal pattern, other requirements



Training staff and providing oversight are key for maintaining accountability. Monitoring sites, providing technical assistance and good record keeping with work validation are great steps to ensuring program accountability.

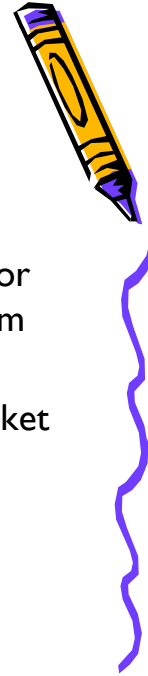


Integrity Tools for Institutions

Management Plan

Management Plan

- Much more detailed than the old management plan
 - Requires more information from the Sponsor on how the organization will ensure program compliance
 - Use the instructions from your renewal packet to help you work through the management plan

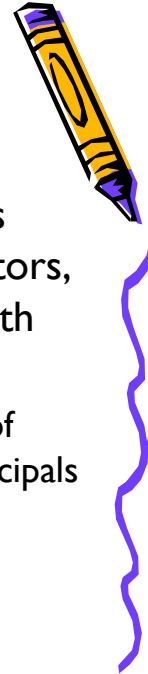


As you can see (hold up a copy of the management plan) the management plan has a new look.

Because USDA has implemented stricter rules, mandating program integrity, this new management plan will make sure all applicants meet the performance standards required for program approval.

Management Plan

- Section I in the management plan ensures that all Board Members, Executive Directors, or Directors demonstrate compliance with other affiliated federal programs
 - This eliminates the need for a separate list of Board of Directors and the Authorized Principals Letters that were previously required



The management plan has different sections. Section I is important to establish that no one in your organization has had problems in other federally funded programs.... We need to know the names of the other publicly funded programs that your organization has participated with and whether or not you have ever been disqualified from participation with those programs. We also need to know if any of the principals have ever been involved with any criminal activity within the last 7 years.

The good news is, there is no longer an authorized principle form to return, it has been incorporated into the management plan.

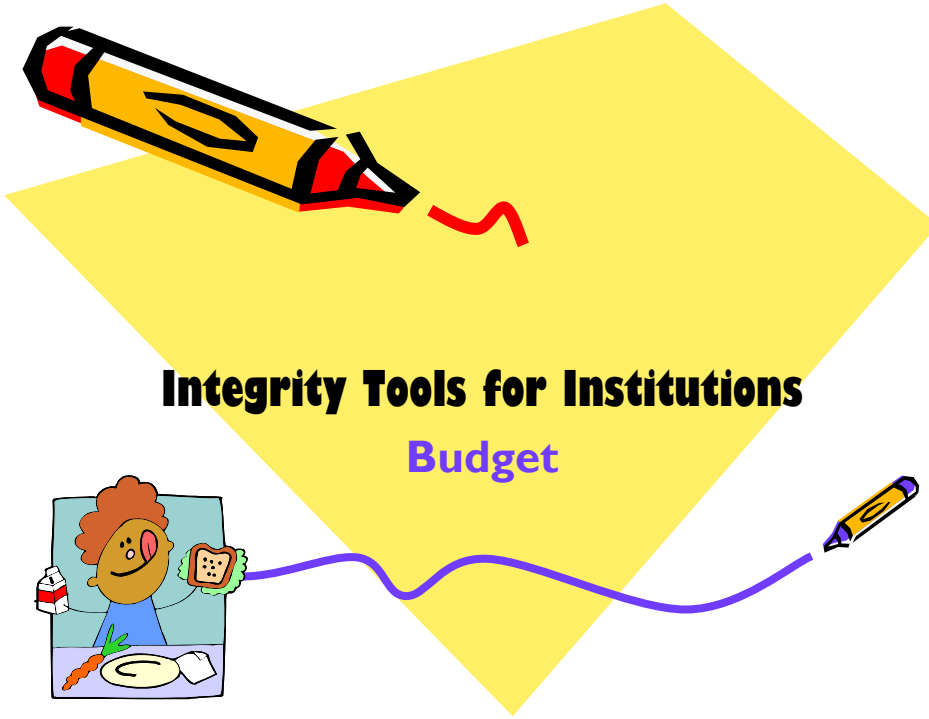
Management Plan

- Part II of the management plan identifies program requirements and the information that is essential to run an efficient program
 - Please make sure that this section is filled out completely or it will be returned as an incomplete renewal application



Section II covers information that is essential for successfully operating CACFP. Most of this section is self explanatory. In this section, item 4 discusses staffing... All organizations must have qualified staff members that are able to run an efficient program. Note that you will now fill out a time distribution report for staff that are not 100% CACFP. The report details what areas of CACFP that your staff members will be involved with. If you look at #9 of this section, it talks about monitoring... All organization must have adequate number of trained staff to conduct required monitoring.

Remember to fill out each section completely!



Why are Budgets Important?

- Institutions must plan expenses within the constraints of projected annual revenue
- Institutions must evaluate costs attributed to CACFP
- Budgets provide a measure of the adequacy and efficiency of institutional operations



The budget is required annually and is one tool ADE uses to determine financial viability.

Budget - New for 2006

- New Application/Management Plan
- Increased documentation to show financial viability
- Balance Sheet required with submission of your 2006 application
- Balance Sheet to clearly show nonprofit food service account



- New combination app & management plan
- Ensure financial viability through added documentation
- Will require you to submit a balance sheet this year that clearly shows your nonprofit food service account(s) A sample balance sheet is provided. The balance sheet can reflect the previous fiscal years annual figures.

Administrative Budget Costs Must...

- Not be assignable or included as a cost to any other Federally financed program
- Not exceed projected revenue
- Be adequately documented



If organizations receive different funding such as DES and CACFP, an organization can not use CACFP funds to pay for DES duties.

Resources for Allowable Program Costs

- 7 CFR 226 - CACFP Regulations
- 7 CFR 3015 - Uniform Federal Assistance Regulations
- OMB Circular A-122 - Cost Principles for Non-Profit Organizations
- OMB Circular A-87 - Cost Principles for State and Local Governments
- FNS Instruction 796-2, Rev. 3 - Financial Management Instructions for CACFP



Financial oversight uses a variety of tools. The identified tools are available on line. If you need additional clarification, you may wish to discuss your financial activity documentation with your bookkeeper or accountant.

Fiscal Responsibility

- Oversight of program expenses
- Budget tracking systems
- Timely and accurate claim submission and payment distribution



Fiscal Responsibility is not only a regulatory requirement, but also a standard business practice. The items identified on the screen are areas that demonstrate the ability to operate a fiscally responsible program.

Projected Annual Income and Expenses

- These items make up the Sponsor's CACFP Budget
- Demonstrates that Sponsors are "VIABLE, CAPABLE and ACCOUNTABLE"



Annual budgets have always been a CACFP requirement. The budgets are reviewed and income and expenses are questioned and analyzed. Remember all organizations must maintain a non-profit food service account and track all dollars attributable to operating CACFP.

Projected Annual Income and Expenses

USDA requirements:

- Sponsors must provide proof of all expenses directly associated with CACFP operation
- Sponsor budgets must be updated annually
- Sponsor must be familiar with FNS instruction 796-2 Revision 3 which defines allowable and unallowable costs



Because of advantages taken of the CACFP, USDA has provided directives that ensure the CACFP funds are used appropriately. Additionally, ADE will evaluate the budget and ensure at least 50% of the reimbursement will be used for quality food purchases.




Projected CACFP Income

- Non-CACFP Income
- CACFP Income
- Cash/non-cash donations
- Value of excess personnel meals



These items are reported on your sponsor claim on a monthly basis.

Budget - Labor Costs


- Labor Costs
 - Administrative Positions
 - Operational Positions
- Maintain a written compensation policy for each position 
- Maintain daily time reports 
- List all CACFP duties with each position 



New for Fiscal Year 2006:

- Have a written compensation policy for each position – This policy identifies the funding for the position and explains what funding would be available if CACFP funding was not.
- Your daily time report will need to be maintained for each employee. The numbers will be used to justify the time claimed on the monthly Budget Expense Worksheet
- Section III of the Management Plan, the Administrative/Operational Budget must include applicable CACFP duties.

Budget – Related Costs

- Staff Training
- Food
- Supplies
- Other Costs 



- Training -it must be demonstrated that staff is trained on CACFP key functions and duties
- Food – net cost of food and the net cost of delivered meals
- Supplies – non-food consumables, cleaning products and CACFP office supplies
- Other – identify each item and how cost was calculated

Unaffiliated Centers

- Required that all unaffiliated center costs be recorded
- Sponsors of unaffiliated centers ensure each center maintains a non profit food service
- Sponsoring Organizations may use up to 15% of reimbursement towards actual allowable administrative costs



An unaffiliated center is a licensed facility that is not part of the same legal entity as the sponsoring organization (different bank accounts for each center)

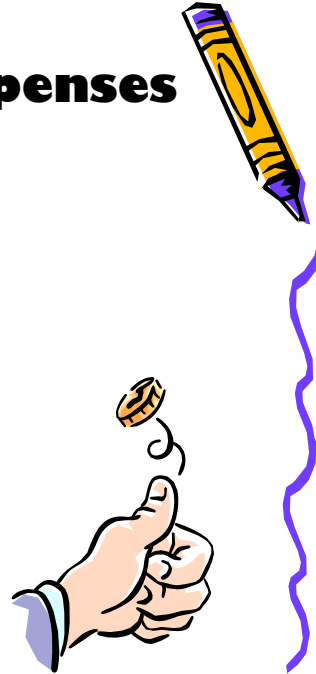
Sponsoring Organizations of centers are accountable for unaffiliated center(s) CACFP performance

Each unaffiliated center needs its own budget.

SO's may retain up to 15% of an unaffiliated organizations reimbursement for their administrative costs

Projected CACFP Expenses

- Salaries
- Benefits
- Staff Training
- Food
- Supplies
- Facility Expenses
 - Rent
 - Communication and Utilities
 - Contracted Services



The CNP Web will give you historical information regarding this year's expenses. Please review your reports and use the information as a foundation for FY 06.

Even though today we are focusing on budget projection, it is important that you submit a monthly sponsor claim with the cost information. The reported costs are used by ADE staff for evaluation purposes and blank claims will be considered a red flag for further investigation.

CACFP EXPENSE WORKSHEET

Sponsoring Organization _____

Site _____ Month/Year _____



LABOR EXPENSES

A	C	D	E	F	G	H
POSITION DUTIES	HOURS PER DAY FOR CACFP	SALARY PER HOUR	SALARY PER DAY	NUMBER OF DAYS WORKED	GROSS PAY (E X F)	BENEFITS
Director	3	\$15	\$45	20	\$900	
Cook	6	\$10	\$60	20	\$1200	

TOTAL: \$ 2100
 SALARIES BENEFITS



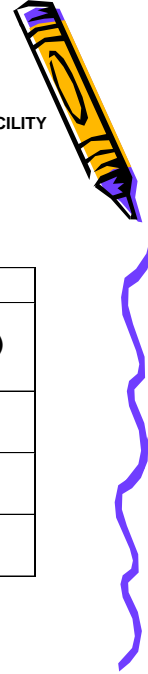
This is located in the management plan, section III and is called Non-profit food service administration/operational budget justification. Remember to use the time allocation worksheet for reporting purposes on the Monthly CACFP Expense Worksheet.

CACFP EXPENSE WORKSHEET **FACILITY EXPENSES**

SQUARE FOOTAGE OF CACFP SERVICE AREA ÷ TOTAL SQUARE FOOTAGE OF FACILITY
 = PERCENTAGE ATTRIBUTED TO CACFP

$$\underline{500 \text{ Sq. Ft}} \div \underline{10,000 \text{ Sq. Ft}} = \underline{.05}$$

A	B	C	D
SERVICE	BILLED AMOUNT	FRACTION ATTRIBUTED TO CACFP	TOTAL (B x C)
COMMUNICATION AND UTILITIES	\$10000	.05	\$500
RENT OR MORTGAGE	\$24000	.05	\$1200
CONTRACTED SERVICES	\$850	.05	\$425



This too is in section III of the management plan and is called Non-profit food service

Regulatory Requirements

- Why is the budget alone not sufficient?
- Financial Viability = “the whole picture”
 - Audits
 - Financial Statements



- Budget alone does not provide sufficient information to determine financial viability
- Purpose of verifying financial viability is to determine if the canter has adequate financial resources to operate and to withstand disruption of funds. Audits and Financial Statements will show the “whole picture”

Key Financial Statements

- Balance Sheet
- Income Statement
- Cash Flow Statement



Remember, examples of balance sheets are in your packet.



Integrity Tools for Institutions

Training



Training

- Sponsors with one site
 - All new staff MUST receive CACFP training
 - Annual training is strongly recommended

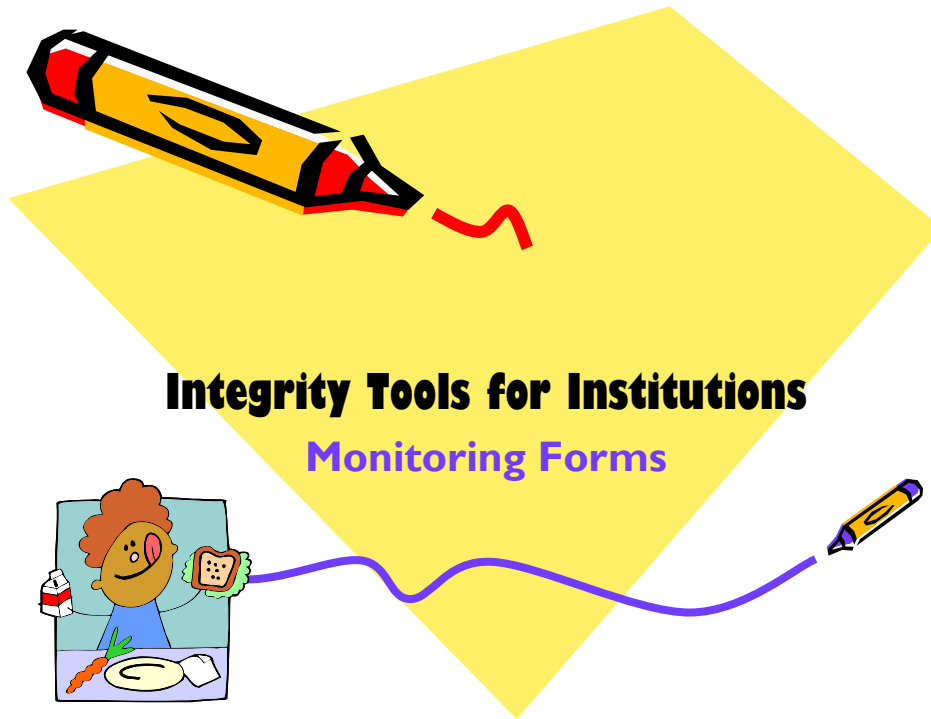


Training

- Sponsors with multiple sites and owners of multiple single sites are required to annually conduct the following:
 - Annual training
 - Center Application Renewal training is **mandatory**
 - Documentation of date, location, topics covered, and attendance roster must be maintained
 - Preoperational visit
 - Pre-approval visits must be conducted on sites for which a new application is made
 - Prior to application, staff training must include CACFP duties
 - Documentation must be maintained on file at the site



All attendees at the renewal trainings are recommended to bring the information back to the organization and provide training. Owners of multiple single sites and sponsors of multiple centers must train staff annually on key CACFP components. The training must be documented with a dated sign in sheet, agenda, CACFP topics covered...



We're now going to spend about 10 minutes discussing the monitoring requirements for sponsors and owners of more than one center.

Monitoring Overview

- What is monitoring?
- Why monitor?
- Who is required to monitor?
- What are the monitoring requirements?



As a condition of eligibility for CACFP, sponsors are required to effectively oversee program operations.

Sponsors are required to review food service operations to assess compliance with CACFP requirements such as the meal pattern, recordkeeping requirements and other Program requirements.

One tool we have to accomplish this task is monitoring.

We're going to discuss what kinds of activities constitute monitoring,
Who is required to monitor, and
What the monitoring requirements include.

What is Monitoring?

- Review follow-up activities
- Reporting
- Training of monitors



We start by asking, “What is monitoring?” Monitoring includes a number of activities, such as

Conducting the actual review,
The technical assistance related to review findings,
Follow-up activities, including review of corrective action and closure of the review,
Writing the review report and documenting all the findings, and
Training those who will do the monitoring.

Who Must Monitor?

- Sponsors or owners of multiple independent centers are required to monitor each center three times/year
- Best practice for owners/sponsors of only one center to monitor the site



The Federal Regulations have always required sponsors of multiple centers to monitor each center three times per year.

However, in the interest of improving Program integrity, beginning October 1, 2005, Arizona will require owners of more than one center to monitor each site three times per year, as well.

Even if you only have one center under your ownership, we strongly encourage you to monitor periodically to assess your center's operations.

Who can Monitor?

- A monitor should be someone who is NOT involved in the day-to-day operations
 - A member of the Board or advisory group
 - A parent
 - Other staff not involved in the food service operation



Arizona requires the monitor of the program be someone who is not involved in the day-to-day operations of the food program.

Good candidates include:

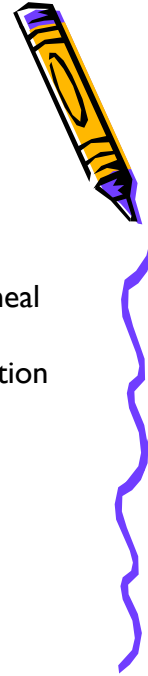
A member of the board of directors or someone from the advisory board;

A parent; or

A staff person who is not involved in the food service operation.

Monitoring Requirements

- Three reviews per year
 - At least 2 must be unannounced
 - At least one unannounced review must include a meal observation
 - At least one review made in first 4 weeks of operation
 - No more than 6 months between reviews
- If serious deficiency found
 - Next visit must be unannounced



As previously mentioned, sponsors or owners of more than one center are required to monitor each center three times per year.

Of these 3 reviews, at least 2 must be unannounced. Unannounced reviews must be made only during the facility's normal operating hours and monitors must show a photo ID.

At least one of these unannounced reviews must include a meal service observation, but we recommend all reviews include a meal service observation.

Also, if you find a serious deficiency during the review, the following review must be unannounced.

The second interim rule now requires sponsors of new centers to review the new site within the first 4 weeks of operation. This has changed from the first 6 weeks of operation.

Prior to the interim rule, sponsors of centers could not allow more than 6 months in between reviews at each facility. With the interim rule, however, center sponsors can now use "averaging." If a sponsor chooses to use averaging, no more than 9 months can elapse between a center's two reviews.

What is averaging, you ask? Sponsors are allowed to average their number of reviews to each center so that, as a whole, centers are reviewed an average of 3 times/year. In other words, sponsors "average" 3 reviews/year/facility.

For example, if you have 2 sites, you can review one site 4 times that year and the other one twice. Please remember that USDA requires 2 unannounced visits per year, so for the site receiving only 2 reviews, both will be unannounced.

Averaging gives sponsors more flexibility in scheduling reviews and allows sponsors to target problem-prone sites and review the best centers less often. ADE will look at this during a review to ensure the option is not being misused.

Notification

- Sponsors must provide each center with written notice of the right for the sponsor, ADE or FNS to make unannounced or announced reviews
 - Anyone doing the review is required to have photo ID
- Unannounced reviews must be made during normal operating hours



Sponsors must provide each sponsored center written notification of the right for the sponsor, the State agency, USDA, and other State and Federal officials to make announced or unannounced reviews during the center's normal hours of child or adult care operations.

Sponsors must also notify sponsored centers that anyone making such reviews must show a photo ID to demonstrate they are employees of one of those entities.

This notice must be provided before the meal service under the Program begins.

There's More...

- Sponsors/owners of more than one center must:
 - Conduct a pre-approval visit prior to adding the site
 - Train all staff on Program duties and responsibilities prior to CACFP participation
 - Provide training at least one time per year thereafter



Sponsors or owners of more than one center are also required to:
Conduct a pre-approval visit prior to adding a site. During this visit, you will discuss Program benefits and verify the proposed food service does not exceed the capability of the child or adult care facility.

You will train all staff on Program duties and responsibilities prior to CACFP operations;
and

Provide training at least one time/year after that.

That about wraps it up for the new monitoring requirements. The big changes are:
ADE now requires owners of more than one center to monitor its sites.
The first review must be done in the first 4 weeks of operation, and
Center sponsors are now allowed to use averaging.

New Form!

- Much more detailed to assess:
 - Meal service
 - Quantity
 - Recordkeeping compliance
 - Training
 - Sanitation
 - Civil Rights



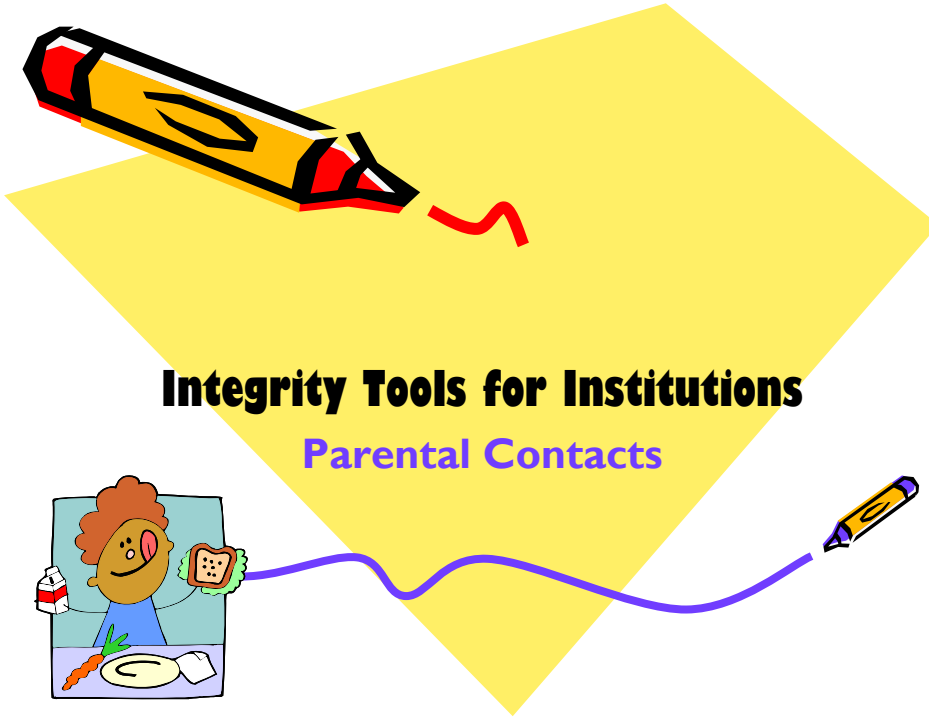
To better help you effectively monitor your sites, we have developed a new monitoring/pre-approval form this year. It is more detailed and will allow you to make a better assessment of how your program operations are running.

The new form looks at:

Various aspects of the children's meal service and the infant meal service, meal counts, substitutions, doctors' statements, and menu production records.

It also looks at licensing, eligibility, costs, training, storage, sanitation, and civil rights compliance.

Although it will take more work on your part, we think this form will be a much better tool for helping you assess program compliance.



Integrity Tools for Institutions

Parental Contacts

Parental Contacts

- System developed by ADE to enhance integrity
 - used by ADE staff
 - used by Sponsors



Regulation requires all states to develop a parental contact system that can be used by Sponsoring Organizations of daycare centers. The system has been developed to allow multiple functions and can be used as a tool to support valid practices as well as document deficiencies and fraud.

Parental Contacts

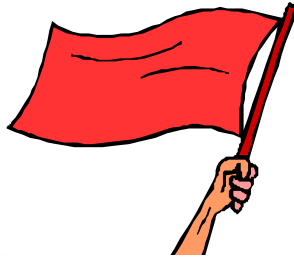
- A single instance of an unsuccessful household contact should not automatically result in seriously deficient determination.



Parental contacts are a tool. One unsuccessful contact is not a good standard measure and providers should not be deemed SD based on one communication.

Evaluate “Red Flags”

- The “Red Flags” handout
 - describes issues that rise to the level of a parental contact



When should a sponsor implement parental contacts? There are many identified for you in the Parental Contacts handout packet. Please note that the packet identifies many red flags, however, each sponsor can add additional flags to the system.

The Procedure

- Household/parental contacts
 - in writing or by telephone
- If English is not contact's primary language, ensure translators are available to assist with survey



Prototype forms are in your renewal packet.

The Procedure

- Compile a list of households/parents to be contacted in the specified month(s)
- Conduct telephone survey by completing Parent Survey Telephone Conversation Record form.
 - identify who is speaking and purpose of call



The Procedure

- Mailed surveys will contain self-addressed, stamped envelope to organization conducting parental contacts.
- Organization requests the written surveys to be returned within 14 days from when received.



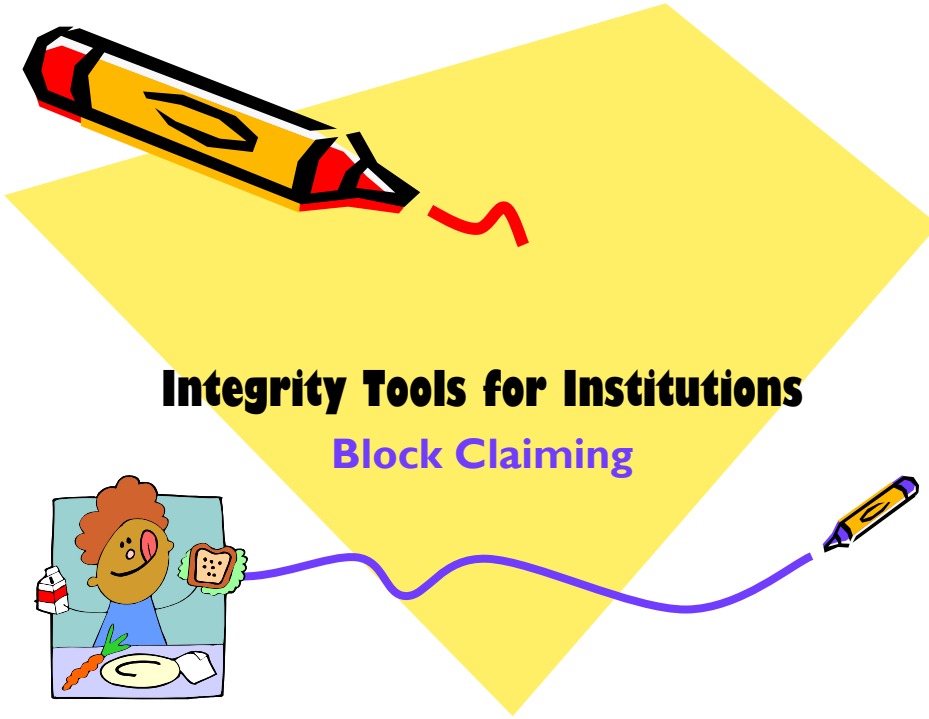
Taking Appropriate Action

- Any necessary action must be made based on the results of the surveys.
- A single instance of an unsuccessful household contact should not automatically result in declaring the provider seriously deficient
- Action to be taken must be based on results of surveys.



Again, a site may not be seriously deficient based on an unsuccessful contact. Use additional tools to determine appropriate outcome.

Any action must be based on survey results or any other tool which supports the issue.



Integrity Tools for Institutions

Block Claiming

Definition

- “A block claim is a claim... submitted by a facility on which the number of meals claimed for one or more meal type...is identical for 15 consecutive days within a claiming period.”



For sponsors of multiple centers, this tool is used to identify if centers count all kids for one meal type for 15 days in a row during a claiming period (month). Look at the daily meal count sheet and if it has the same number of meals served for the identified meal type, for 15 days in a row, then further investigation is necessary.

Look at WAMR and determine if all the same children are being claimed for that period, if yes, then further investigation is necessary. If no, this must be documented.

“Consecutive days”

- Closed business days are not included in “consecutive days.”



Resolve Problems Early

- The purpose of edit check is to address and resolve potential claiming problems sooner rather than later



Sponsors must take corrective action on centers that may have weak meal counting practices.

Follow-up Action Required

- Block claiming identified requires follow-up action by the Sponsor
- Sponsor must conduct unannounced review within 60 days of receiving the block claim



Intent of 60-Day Review

- provides the Sponsor with additional information about integrity of the block claim



60-Day Review

- Prior to the review, Sponsor should examine several months of claims and look for suspicious patterns
- Sponsor should reconcile enrollment, attendance, and meal counts for five or more days during the review



Findings of 60-Day Review

- If unannounced review or other follow-up activity conducted by the sponsor indicates the facility's meal counts were not valid, the facility does not necessarily need to be declared seriously deficient
- Sponsor will need to evaluate the severity and frequency of the problem and attempt to determine why the inaccurate claim was submitted
 - Sponsor may need to offer additional training



Follow up includes not only a follow up unannounced monitoring visit, but can also include review of documents, parental contacts, visual observation....

USDA recommendation

- USDA recommends that, whenever possible, the unannounced review triggered by the block claim include an observation of the meal service that was “block-claimed.”



Legitimate Block Claims

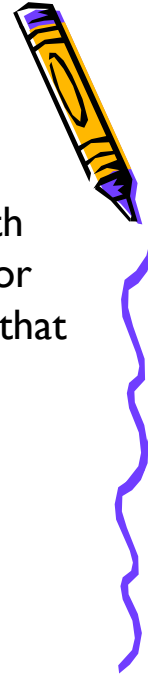
- Block claims can be the result of legitimate factors, though they are among the claiming patterns most likely to indicate the submission of a false claim.
- Document reasons.



Reasons for block claim must be documented. ADE will be checking the systems during a review.

Additional Follow-up Not Required

- Sponsor is not required to continue with more unannounced follow-up reviews for additional block claims detected during that year



Yet, sponsors may wish too, depending on the severity of the issue discovered.

Block Claims Require Three Visits Per Year

- Interim rule 226.16(d)(4)(iv) prohibits a facility from receiving less than three reviews per year if the facility has submitted a block claim during the review year



State Reviews

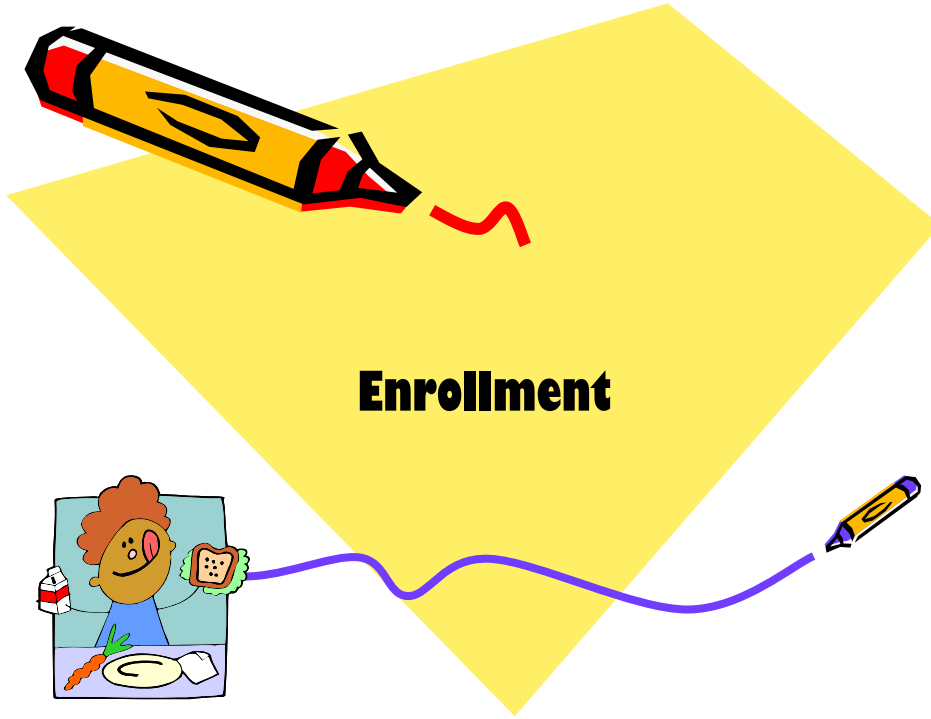
- Reviews conducted in fiscal year 2006 will evaluate the edit check systems that sponsors have in place as of October 1, 2005.



Summary

- Block claiming is identical meal counts for one meal for 15 consecutive days
- Triggers 60-day Review
- Finding
 - If legitimate, document
 - If not legitimate, evaluate
 - no need to declare facility seriously deficient





Enrollment Change

- 7 CFR 226.17(B)(7) states child care centers shall collect and maintain documentation of the enrollment of each child, including information used to determine eligibility for free and reduced price meals.
- This information must be updated, signed and dated annually by a parent or legal guardian.



In addition, information that will determine a child's eligibility for free and reduced priced meals must be maintained.

Enrollment forms must signed and dated **annually** by the parent or legal guardian. The rule became effective in April 2005. All CACFP organizations are encouraged to annually update the enrollment form during income application collection. However, if a different month is necessary, please identify your update month in writing for your file.

Blue Card

- How will CACFP specialists ensure enrollment documentation is updated annually?
- Specialists will review a percentage of the blue cards to ensure enrollment is updated on an annual basis.
- Blue cards will be selected randomly and the percentage based on the number of children enrolled for the review month.



When a review is conducted, a percentage of the blue cards will be reviewed to ensure facilities are updating enrollment on an annual basis.
The blue cards will be selected randomly and based on the number of children enrolled for the review month.



Review Cycle

- Organizations with fewer than 100 facilities will be reviewed by ADE no less frequently than once every three years.
- Reviews can be announced or unannounced.
- Auditors can perform Agreed Upon Procedures at any time.



Regulations identify the minimum number of times an institution will be reviewed. Remember, ADE staff can visit at any time for any reason. ADE staff will continue conducting unannounced reviews because it is mandated by regulations and it gives a true picture of how organizations operate.

ADE contracts with independent audit firms to conduct “Agreed Upon Procedures”. Any organization can be selected for an Agreed Upon Procedure and records are analyzed by auditors and a report is distributed to ADE and the organization.

Suspension

- ADE can immediately suspend institutions for:
 - Identified Imminent Danger
 - Fraud
- New Administrative Review Procedures (in renewal packet) address appeal rights for suspensions



Another tool for ADE is the ability to immediately suspend and organization for imminent danger. ADE staff will contact appropriate agencies and work with agencies regarding next appropriate steps, either corrective action or proposed termination. Program payments are suspended until resolution.

ADE can immediately suspend an organization when fraud is discovered. ADE will notify applicable agencies of action.

Appeal rights for suspensions are included in your renewal packet.

Serious Deficiency

- Standards identified in Code of Federal Regulation, allowing States to remove institutions that can not maintain financial viability, accountability and management capability
- Identified serious deficiencies must remain permanently corrected
- ADE can propose termination when serious deficiency re-occurs.



Organizations wishing to be on CACFP must work hard at it. CACFP organizations must continually demonstrate financial viability, accountability and capability. This is done during the application process, renewal process and during reviews. If a serious deficiency is identified, the organization is given the opportunity to permanently correct the situation. If the organization does not permanently correct a serious deficiency, ADE will propose termination. Again, the goal of CACFP is to provide nutritional benefits to participants in care and organizations that can not maintain the regulatory performance standards hinder the program for everyone else.

National Disqualified List

- Removal from CACFP: Who is placed on the National Disqualified List?
 - Institutions
 - Responsible Individuals
 - Responsible Principals
- How long can someone remain on the National Disqualified List?
 - 7 years or longer



The National Disqualified List has been developed to assist states with identifying organizations, individuals and principals that have not operated the CACFP according to Federal Regulations. The list helps states maintain program integrity. An organization will remain disqualified from CACFP for a 7 year period. If monies are owed, the organization or individual will remain on the list until the debt is fully repaid.

Permanent Agreement

- State Agencies have option to implement a permanent CACFP Agreement
- Addendums will be distributed for signature
- Permanent agreements can be revoked



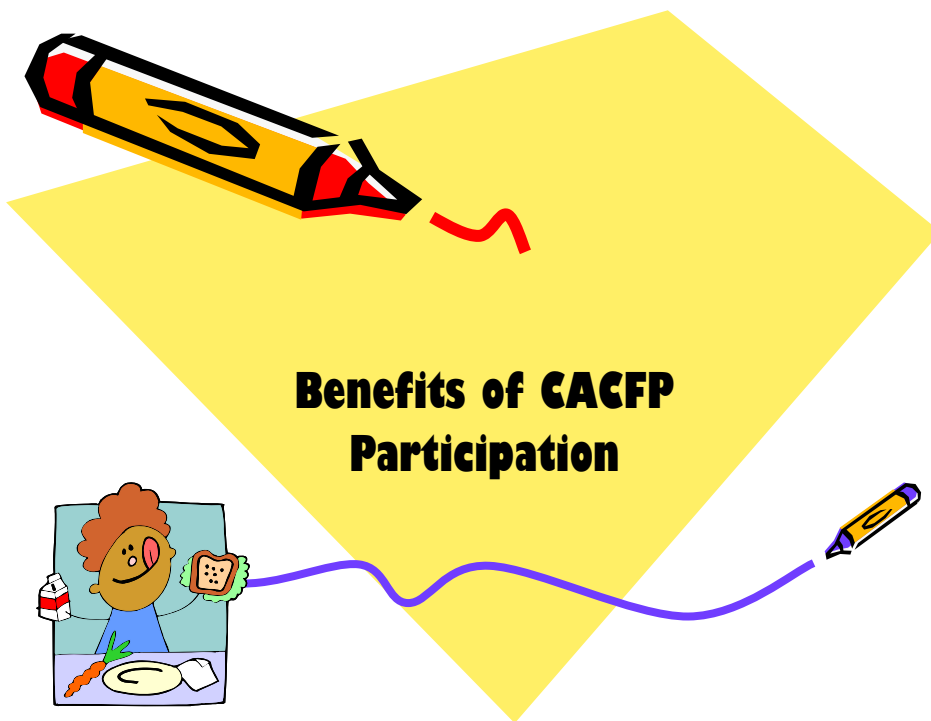
ADE now can offer a permanent CACFP agreement. What this means is renewals will still be necessary, however, the contract will be signed only one time. Please remember – when a center is sold, CACFP is not part of the sale. When addendums to the agreement are necessary, ADE will distribute and require all to return a signature page indicating receipt and agreement to abide by. Additionally, if an organization is removed from the program or a center sale occurs, the permanent agreement will no longer be in effect.

In the Future

- New regulations allow states to develop a three year renewal cycle.
- Certain documents must be submitted on an annual basis
- Some institutions must apply on an annual basis
- More information to come!



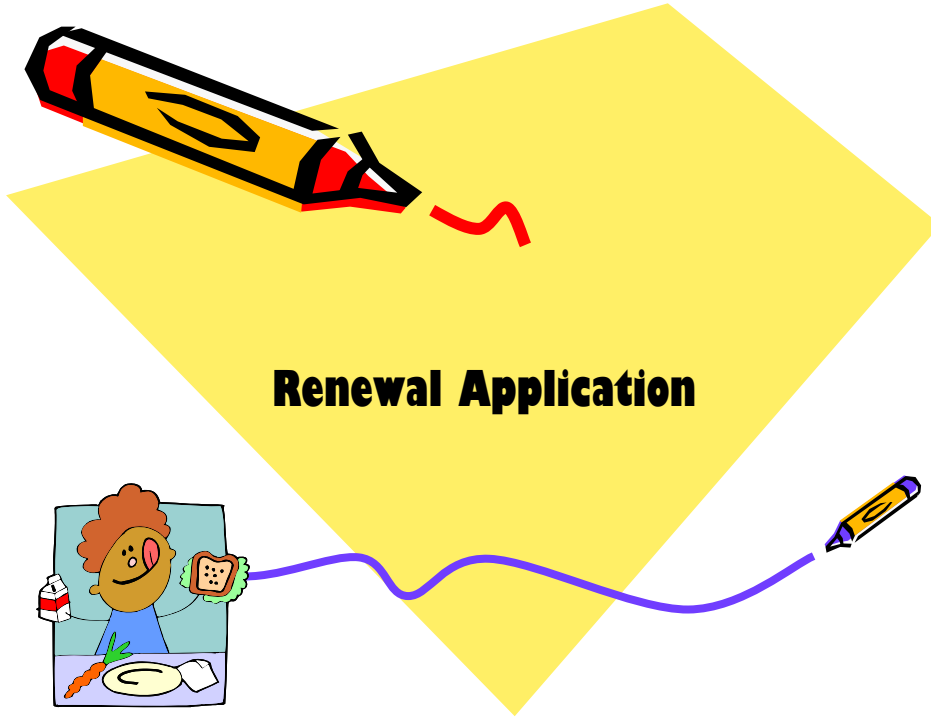
ADE has the opportunity to develop a three year renewal cycle. Management plan changes, budgets and supporting documents are required annually. ADE will determine a criteria on what organizations may qualify for a three year renewal cycle. Once criteria is identified, ADE will distribute all necessary information.



Benefits of Participation

- **Center/Facility**
 - Monthly reimbursements for serving nutritional meals to participants in care
 - Nutrition education
- **Children/Adults**
 - Nutritional meals that meet USDA requirements
 - Positive eating habits for the future
 - Socialization
- **Parent**
 - Reassurance that their child is getting their nutritional needs met without extra cost
- **Community**
 - Increased health of vulnerable population

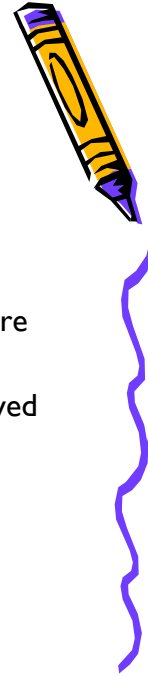




Renewal Application

Renewal Application

- All applications must be **complete and accurate** at time of submission or application will be returned.
 - Use CACFP Renewal Application Checklist to assure all documents included prior to submitting to ADE
 - Returned applications will not be considered received by ADE until the application is resubmitted and verified as accurate and complete.



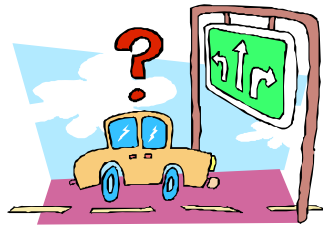
Renewal Application

- Important Dates:
 - September 1st – applications available online for updating FY 2006
 - submit all site applications first
 - October 1st – ALL paper documents due
 - Applications not approved by October 1st may affect advances and the ability to claim for October



Wrap up

- Questions?
- Resources
- Evaluation
- Certificates



Thank you.

